



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

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COMMUNITY AND ECONOMIC
DEVELOPMENT DIVISION

Title on Form #103

DEC 11 1979

Mr. Ray V. Fitzgerald
Administrator, Agricultural
Stabilization and Conservation Service
Department of Agriculture
AGC00514



Dear Mr. Fitzgerald:

We have completed our survey of the emergency feed program administered by the Agricultural Stabilization and Conservation Service (ASCS). The program assists producers in maintaining livestock herd sizes after a drought, flood, or other natural disaster has caused them to lose 40 percent or more of their normal feed production. ASCS usually uses producer-supplied information to compute the amount of assistance a producer receives.

Our survey was directed primarily toward ASCS procedures and controls to prevent erroneous payments. The work covered two ASCS county offices in Texas, one in Georgia, and a combined office for three counties in Colorado. We also examined Office of Inspector General reports and contacted program administrators in these States and at headquarters.

In October 1979 we discussed with headquarters officials the need to clarify ASCS instructions on county office procedures for determining the accuracy of producer-supplied information. Currently, county offices use two controls:
(1) county committees review the reasonableness of items on the applications, such as pasture and crop losses and normal production, and (2) county personnel make spot checks of selected producers and verify items, such as feed on hand, condition of pastures, and livestock herd sizes.

ASCS instructions require that spot checks be made on all county committee member applications, all ASCS county employee applications, and at least 10 percent of all applications. The instructions do not require that the number of spot checks be increased when the initial checks show a high percentage of inaccuracies. A headquarters official told us that ASCS had intended that county offices expand the number of spot checks beyond the 10 percent minimum when a high percentage of applications with inaccuracies are identified during the initial checks.

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Check disbursement or control
Erroneous payments
Program evaluation
Agricultural
Disaster program
retro aid

Although one of the four county offices we visited had made substantially more than the minimum required number of spot checks, the three others, where more than 25 percent of the spot-checked applications contained inaccurate information, had not expanded the number of spot checks much beyond the minimum, as shown in the following table.

<u>County</u>	<u>Number of applicants</u>	<u>Spot checks</u>		<u>Spot checks identifying inaccuracies</u>	
		<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Hopkins, Texas	942	107	11	29	27
Putnam, Georgia	198	24	12	6	25
Johnson, Texas	161	83	52	9	11
El Paso, Park, and Teller, Colorado	95	14	15	4	29
Total	<u>1,396</u>	<u>228</u>	16	<u>48</u>	21

An ASCS official in Johnson County said that they had checked more than the minimum requirement because they believed spot checks helped ensure the accuracy of producer-supplied information. ASCS officials in the other counties gave the following different reasons for not increasing spot checks.

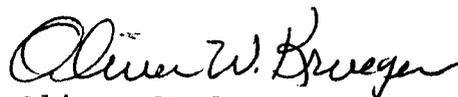
- The initial spot checks, although identifying inaccuracies in producer-supplied information, did not require adjustments in the amount of assistance (El Paso, Park, and Teller Counties).
- Additional spot checks were not warranted by the number of inaccuracies identified (Putnam County).
- Additional spot checks are not required and available personnel were needed for other work (Hopkins County).

For the four counties, the average reduction in the amount of assistance in those cases where inaccuracies were identified was about \$760; by county, it varied from 0 to \$1,369. The major reasons for adjustments were (1) herd size overstated, (2) feed on hand understated, and (3) unreported reductions in herd sizes.

Although ASCS originally intended that the county offices expand the number of spot checks when initial checks identify a high percentage of applications with inaccuracies, it had not included this as a requirement in its instructions and the county offices visited were not routinely increasing spot checks beyond the minimum requirement. Therefore, we recommend that ASCS revise its spot check instructions to provide county offices with the necessary guidance on this matter.

We would appreciate being advised of the action taken or planned on this matter. If you desire, we will be happy to discuss this matter in more detail with you. We wish to acknowledge the cooperation and courtesies which were extended to our representatives during this survey.

Sincerely yours,



Oliver W. Krueger
Senior Group Director

cc: Inspector General